

	<p><b>Adults and Safeguarding Committee</b></p> <p><b>17 February 2020</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Fees and Charges - Changes to Fairer Contribution Policy</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Chairman of the Adults and Safeguarding Committee</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>Yes</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix A – Results of Fairer Contributions Policy Consultation Appendix B – Equalities Impact Assessment</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Sam Raffell, Head of Care Quality and Customer Finance, Adults and Health Sam.raffell@barnet.gov.uk</p>
<p><b>Summary</b></p>	
<p>The council’s Fairer Contributions Policy is used to assess contributions towards the cost of care for people who receive community based care services, such as home care, day care and direct payments. Under the policy, contributions from people in receipt of care services are assessed on their ability to pay, after taking into account income and outgoings. The Policy adheres to national guidance and requirements for charging for social care services arranged by councils.</p> <p>This report recommends the following changes to the Fairer Contributions Policy for the committee’s approval, to take effect from 6th April 2020. These changes are:</p> <ul style="list-style-type: none"> <li>A. To change the maximum rate of charge for homecare to £17 per hour to more accurately reflect the actual cost of care.</li> <li>B. The introduction of an arrangement fee of £300 for individuals with income above the capital/savings threshold.</li> </ul>	

## **Recommendations**

1. That the Committee approves the following proposed changes to the Fairer Contributions Policy to take effect from 6 April 2020.
  - A. To change the maximum rate of charge for homecare to £17 per hour to more accurately reflect the actual cost of care.
  - B. The introduction of an arrangement fee of £300 for individuals with income above the capital/savings threshold.

### **1. WHY THIS REPORT IS NEEDED**

- 1.1. This report is required as part of the business planning process, to discuss and approve changes to the Fairer Contributions Policy for 2020/21. The Fairer Contributions Policy covers contributions towards the cost of community based adult social care services. Contributions are assessed on ability to pay, considering assessable income, savings and outgoings.
- 1.2. This report seeks Committee approval for the changes to the Fairer Contribution Policy which will then be recommended to Policy and Resources (P&R) Committee as part of the Adults and Safeguarding Committee's savings proposals in the Business Planning Report at the Policy and Resources Committee meeting of 19<sup>th</sup> February 2020.
- 1.3. Where the increase in fees and charges are by an amount of less than 2% above the rate of inflation, the council's procedure is that all changes to fees and charges for people who receive a chargeable care service will be approved via Chief Officers Decision as per procedure. Increases above the 2% must be approved by The Adults and Safeguarding Committee, as the relevant Theme Committee responsible for agreeing the introduction of new fees and charges. The proposed changes contained in this report are above the threshold allowed via Chief Officers Decision and hence are being presented to this committee for approval.
- 1.4. The report includes the findings of the 4-week consultation process that was undertaken regarding the proposed changes.

### **Rationale for Change**

- 1.5. To address the budget gap the Council has had to make some tough decisions about priorities and how limited funds are spent. The increased income proposed in this paper is included as part of the savings outlined in the Medium Term Financial Savings (MTFS) for 2020/21. It was felt that the proposed increases in client contributions outlined in this paper, which are estimated to raise an additional £150,000 in income in 2020/21, are a sensible and

proportionate approach, reducing the savings which need to be achieved from service delivery.

- 1.6. The rationale for the two specific changes is detailed below;

Proposal 1: An increase to the maximum hourly rate charged for homecare services to £17 per hour

- 1.7. It is proposed that Barnet will change the maximum rate of charge for homecare to more accurately reflect the actual costs of providing care. These rates were last reviewed in 2017 and since then there has been an increase in the cost of homecare across all providers. It is reasonable that where someone can afford to pay, they contribute the amount it costs for the Council to provide care.
- 1.8. The average hourly cost to the council for the delivery of homecare for 2019/20 (up to Quarter 3 2019/20) is £18.05 per hour. The hourly rate of delivering homecare is likely to further increase when the Council's new Home and Community Care contract commences on 1 August 2020. The reason for the likely increase in costs is due to increased inflation pressures on care providers, mainly due to an increase in National Living Wage of 4.9% in April 2019 and 6.2% from April 2020.
- 1.9. It is therefore proposed that the hourly charge will increase from the current rate of £15.28 to £17.00 to more closely reflect the actual cost of care.
- 1.10. Under the Care Act 2014 local authorities can charge up to the actual cost they pay for care and no higher. The providers on the council's homecare framework charge a range of rates, with several above the average rate of £18.05 and some below. £17 has been identified as the maximum rate for the purposes of charging to better reflect the actual costs incurred by the council. However, if an individual were to receive a homecare service which cost the Council less than £17, they will only be charged the actual cost the Council pays for care.
- 1.11. The proposal will mainly affect those people whose financial assessment shows they meet the criteria to pay for the full cost of care (i.e. an individual's savings are above £23,250 or they have a high disposable income) or who have chosen not to disclose their finances.
- 1.12. It is estimated that there are up to 190 people who fall into this category and may be affected by the decision to increase the maximum hourly charges. This is less than seven per cent of the 2800 residents who are financially assessed for receiving care and support in the community each year.

Proposal 2: The introduction of an arrangement fee of £300 for individuals above the capital / savings threshold

- 1.13. It is proposed that Barnet Council will introduce an arrangement fee for individuals who are above the capital / savings threshold (£23,250) and who could otherwise afford to self-fund their own care. The arrangement fee is designed to cover the arrangement costs of setting up the care as well as

contact monitoring, processing of invoices and other administration costs. It is proposed that from 6 April 2020 individuals who meet these criteria will be charged a one-off fee of £300 for the arrangement of their care.

- 1.14. In accordance with The Care and Support Statutory Guidance and The Care and Support (Charging and Assessment of Resources) Regulations 2014, councils can charge an arrangement fee for the administration / planning of services for those who can self-fund their own care. The guidance stipulates that the arrangement fee should be calculated on a full cost recovery level.
- 1.15. Under the Care Act 2014, Section 14, local authorities can charge an arrangement fee for care to cover administrative costs such as contract management and brokerage costs. The statutory guidance requires that the local authority must make clear to the person that they may be liable to pay an arrangement fee, in addition to the costs of meeting their needs, to cover the costs of putting in place the care and support required.
- 1.16. The Care and support statutory guidance sets out that arrangement fees charged by local authorities must cover only the costs that the local authorities incur in arranging care. Arrangement fees should take account of the cost of negotiating and/or managing the contract with a provider and cover any administration costs incurred.
- 1.17. Barnet Council has contacted other Local Authorities to benchmark client contribution policies and has established that Camden council have an arrangement fee charge of £300, with a weekly charge of £15 thereafter, whilst Enfield have an arrangement fee charge of £260.

#### Consultation Feedback

- 1.18. The Council has undertaken a consultation on the proposed changes to the Fairer Contributions Policy over a 4-week period from Monday 13 January 2020 until Monday 10 February 2020. Details on the Consultation Process and responses from residents can be found in section 4.7.

## **2. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 2.1 The alternative option is not to increase the charges in the Fairer Contributions Policy. This would have required the Adults and Safeguarding Committee to

identify a further £150,000 of savings to be achieved from service delivery as part of the 2020/21 MTFS.

- 2.2 Other changes to fees and charges were explored, such as an increase in weekly respite rate. This is not recommended as it could reduce the number of people taking respite breaks and increase the risk of carer breakdown.

### **3. POST DECISION IMPLEMENTATION**

- 3.1 Adults and Health will implement the changes to the Fairer Contributions Policy from 6 April 2020. Prior to this date the Fairer Contributions Policy will be updated and a communication will be sent to all service users impacted.
- 3.2 The council will write to all residents affected by 6 April 2020 as part of the annual financial assessment review, outlining their updated contributions to their care. The letter will include the changes outlined in this paper as well as any changes to core fees and charges for Adult Social Care Services due to benefit changes or updated guidance from the Department of Health and Social Care (DHSC).
- 3.3 Each year the Department of Health and Social Care publishes a Local Authority Circular outlining the care charging arrangements for the following financial year. This guidance, alongside changes to the Department for Work and Pensions benefits and allowances, are reviewed annually and an updated financial assessment sent to all individuals in receipt of care services.
- 3.4 When entering Adult Social Care services for the first time, residents will be informed of the fees and charges that maybe applicable when accessing care services. Detailed information on the exact charges will be communicated following the completion of a full financial assessment.

### **4. IMPLICATIONS OF DECISION**

#### **4.1 Corporate Priorities and Performance**

- 4.1.1 The changes to client contributions support the Council to deliver a balanced budget and deliver against its three priority outcomes;
- A pleasant, well maintained borough that we protect and invest in
  - Our residents live happy, healthy, independent lives with the most vulnerable protected
  - Safe and strong communities where people get along well

#### **4.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 4.2.1 The changes to client contributions will enable the Council to meet its savings target as set out in the 2020/21 MTFS.

### 4.3 Social Value

- 4.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

### 4.4 Legal and Constitutional References

#### Council constitution

- 4.4.1 The Council's Constitution (Article 7 – Committees, Forums, Working Groups and Partnerships) sets out the responsibilities of all council Committees. The responsibilities of the Adults and Safeguarding Committee include:
- A. Responsibility for all matters relating to vulnerable adults, adult social care and leisure services.
  - B. Work with partners on the Health and Well Being Board to ensure that social care, interventions are effectively and seamlessly joined up with public health and healthcare and promote the Health and Wellbeing Strategy and its associated sub strategies.
  - C. To submit to the Policy and Resources Committee proposals relating to the Committee's budget for the following year in accordance with the budget timetable.
  - D. To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.
  - E. To receive reports on relevant performance information and risk on the services under the remit of the Committee.
- 4.4.2 For the fees and charges within their remit, theme committees approve changes to fees and charges that are above CPI inflation by 2% or more, the introduction of new fees and charges, and changes to fees and charges outside the normal annual cycle.
- 4.4.3 According to the Council's Constitution, Article 7, changes to fees and charges are approved by Theme Committees, and then reported to Policy and Resources Committee for noting.

#### Care Act 2014

- 4.4.4 Local authorities can only charge the amount of the cost of the provision of the service provided, and the statutory guidance limits costs as set out in paragraphs 1.10, 1.16, 1.17 and 4.4.5 - 4.4.7 below. Charging must follow completion of a financial assessment.
- 4.4.5 Under Section 14 and Section 17 of the Care Act 2014, local authorities can charge for non-exempt services, and must follow the Care and Support (Charging and Assessment of Resources) regulations and have regard to the

relevant the Care and Support statutory guidance when determining charges.

- 4.4.6 The Care Act Statutory guidance at paragraph 8.38 to 8.40 states that because a person who receives care and support outside a care home will need to pay their daily living costs such as rent, food and utilities, the charging rules must ensure they have enough money to meet these costs. After charging, a person must be left with at least the basic level of income and support plus a buffer of 25%. In addition, where a person receives benefits to meet their disability needs that do not meet the eligibility criteria for local authority care and support, the charging arrangements should ensure that they keep enough money to cover the cost of meeting these disability-related costs.
- 4.4.7 Additionally, the financial assessment of their capital must exclude the value of the property which they occupy as their main or only home. Beyond this, the rules on what capital must be disregarded are the same for all types of care and support. However local authorities have flexibility within this framework for example, they may choose to disregard additional sources of income, set maximum charges or charge a person a percentage of their disposable income. This will help support local authorities to take account of local circumstances and promote integration and innovation.
- 4.4.8 Although local authorities have this discretion, this should not lead to two people with similar needs, and receiving similar types of care and support, being charged differently.

#### 4.5 **Risk Management**

- 4.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks associated with the saving proposals will be outlined within the theme committee reports as each proposal is brought forward for the Committee to consider.

#### 4.6 **Equalities and Diversity**

- 4.6.1 Equality and diversity issues are a mandatory consideration in the decision-making of the council. The Equality Act 2010 and the Public-Sector Equality Duty require elected Members to satisfy themselves that equality considerations are integrated into day-to-day business and that all proposals emerging from the business planning process have taken into consideration the impact, if any, on any protected group and what mitigating factors can be put in place.

- 4.6.2 The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or Belief

- Sex
- Sexual orientation

4.6.3 The council has conducted an equalities impact assessment (EQIA) to ensure that where some current and future clients are impacted, proper measures are considered to minimise the effect as far as possible. Those affected by any changes resulting from any of the proposals have been engaged.

4.6.4 The EQIA found that the proposal could have a minor negative impact on older people, people with disabilities and women. This is because these groups are overrepresented in this cohort and they will be asked to pay more. However, the level of fees is deemed proportionate and below actual market rates. The council will monitor issues raised as well as those falling into debt with the council due to non-payment.

## 4.7 Consultation and Engagement

### Consultation Approach

4.7.1 A Consultation on the proposed changes to the Fairer Contributions Policy was undertaken from Monday 13 January 2020 to Monday 10 February 2020. The Consultation involved the following;

- A consultation document and survey was available on Engage Barnet and could be accessed by any Barnet resident.
- Letters were sent to all active service users (or their next of kin) who may be impacted by the proposed increases in the maximum rate of homecare.
- 269 paper questionnaires were sent out to a randomised selection of residents who are part of the People Bank to ensure a greater number and diversity of respondents. The People Bank is a representative group of residents who volunteer to engage with the council on a range of issues.

### Consultation Methodology

4.7.2 The questionnaires asked respondents how much they supported or opposed the two proposals and how much these policies would affect them.

4.7.3 There were also open-ended, free text boxes which allowed respondents to add in what they thought about the priorities and our fees and charges policy in general.

### Respondents

4.8 A total of 55 responses were received during the period of consultation; 12 responses were filled in on Engage Barnet and 43 paper copies of the questionnaire were filled in and sent back.

4.8.1 The majority of responses were almost evenly split between respondents who

use council funded social care (34.8%) or respondents who fund their own social care (30.4%). There were also responses from carers of someone who funds their own social care (15.2%), health or social care professionals (6.5%) or a carer of someone who uses council funded social care (4.4%).

- 4.8.2 The largest age group was 75+ year olds (34.6%) and the second largest group 65-74-year olds (19.2%) with 83.7% of respondents identified as having a disability.

## Results

- 4.8.3 The Feedback from the consultation is summarised below with the full response in Appendix A.
- 4.8.4 Overall, respondents tended to slightly support the first proposal and oppose the second proposal. Most respondents seem to think that the proposals will have no change or a quite negative impact on them or their families' circumstances.

### Proposal 1: An increase to the maximum hourly rate charged for homecare services to £17 per hour

- 4.8.5 A total of 55 respondents answered the first question: 'To what extent do you support or oppose the proposal?'. Slightly more people supported the proposal (40%) than opposed (34.6%) but those who opposed felt more strongly.

To what extent do you support or oppose the proposal?	Percentage of respondents	Number of respondents
Strongly support	12.7%	7
Tend to support	27.3%	15
Neither support nor oppose	18.2%	10
Tend to oppose	7.3%	4
Strongly oppose	27.3%	15
Don't know/Not sure	7.3%	4

- 4.8.6 Overall, 55.1% of respondents thought the proposals would have a negative impact on them or their families, with 34.7% feeling it would have no impact. Those who supported the proposal tended to think the impact would have no change or a positive impact on them or their families' circumstances (76.5%) whereas all who opposed the first proposal thought it would have a negative impact on their circumstances.
- 4.8.7 Some of the additional responses to the free-text option of why people responded the way they did included:

- Social care costs are already too expensive
- The time care workers charge for are not always accurate.
- It will mean better wages for care workers
- Money is already collected towards this from the raising of council tax.
- Once the concept of a small increase has been consulted and agreed, future increases will inevitably be higher
- I realise that costs are going up, so it is fair to increase hourly rate.

Proposal 2: The Introduction of an arrangement fee for Individuals above the capital / savings threshold

4.8.8 A total of 52 people answered the question: 'To what extent do you support or oppose the proposal?'. A total of 28.9% supported the proposal, with 48% opposing the proposal.

To what extent do you support or oppose the proposal?	Percentage of respondents	Number of respondents
Strongly support	5.8%	3
Tend to support	23.1%	12
Neither support nor oppose	15.4%	8
Tend to oppose	11.5%	6
Strongly oppose	36.5%	19
Don't know/Not sure	7.7%	4

4.8.9 Overall 39.6% thought the proposal would have a negative impact on themselves or their family, with 39.6% feeling it would have no impact. 10.3% felt the impact would be positive.

4.8.10 Overall, those who supported the proposal tended to think the impact would have no change or a positive impact on them or their families' circumstances (92.9%). Whereas, 65.0% of those who opposed the second proposal thought it would have a quite negative or very negative impact on their circumstances

4.8.11 Some of the additional responses to the free-text option of why people responded the way they did included:

- This will have a lesser impact on individual quality of life than an ongoing charge
- If people have that much in savings, they should use it towards their care
- It seems fair as a one-off fee
- The fee will help people who do not have savings

- £23,000 is a reasonable threshold after which people should pay for their own care
- Council doesn't do enough work to justify £300.
- Not everyone above the threshold can afford their own care
- Where does this figure come from? Why is it not £50 or £500? Once a fee is introduced, it's size is bound to increase by large amounts each year.
- We understand and appreciate that there are admin costs to keep everything in the office running smoothly.

#### 4.9 **Insight**

4.9.1 The proposals in this paper have been informed by national benchmarking and local service data wherever this was accessible. Officers have also conducted best practice reviews into effective savings initiatives in other councils and organisations, including reviews of neighbouring councils' savings plans

### 5. **BACKGROUND PAPERS**

5.1 N/A

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